

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 NEA-10 IO-14
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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

AMEMBASSY ABIDJAN

AMEMBASSY BANGKOK

AMCONSUL BELIZE

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMCONSUL CALI

AMEMBASSY CANBERRA

AMCONSUL CAPE TOWN

AMEMBASSY COPENHAGEN

AMCONSUL DURBAN

USMISSION GENEVA

AMCONSUL GUAYAQUIL

AMEMBASSY KHARTOUM

AMEMBASSY LILONGWE

AMEMBASSY LONDON

AMEMBASSY MAPUTO

AMEMBASSY MANILA

AMEMBASSY MBABANE

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMCONSUL RIO DE JANEIRO

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AMCONSUL SAO PAULO

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY SUVA

AMEMBASSY TAIPEI

AMEMBASSY ANTANANARIVO

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON

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E.O. 11652: NA

TAGS: ETRD, EAGR

SUBJECT: UPCOMING ITC DECISION ON SUGAR

1. INTERNATIONAL TRADE COMMISSION WILL REPORT TO THE PRESIDENT APRIL 17 ON ITS FINDINGS AS TO WHETHER SUGAR IMPORTS INTO THE U.S. ARE INTERFERING WITH THE U.S. DOMESTIC PRICE SUPPORT PROGRAM, AND WHAT REMEDIAL ACTION MIGHT BE TAKEN. COMMISSION HELD OPEN SESSION APRIL 10 TO DECIDE WHAT REPORT TO PRESIDENT SHOULD CONTAIN. AT THAT MEETING, COMMISSIONERS UNANIMOUSLY AGREED THAT SUGAR IMPORTS ARE INTERFERING WITH THE DOMESTIC PROGRAM.

2. FOUR COMMISSIONERS (A 2/3 MAJORITY OF THE COMMISSION) INDICATED THEY WOULD MAKE ESSENTIALLY A JOINT RECOMMENDATION TO THE PRESIDENT. THEIR RECOMMENDATION WILL CONTAIN THE FOLLOWING ELEMENTS:
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-- THE CURRENT 2.7 CENT/LB. IMPORT FEE ON SUGAR SHOULD BE RAISED TO 3.6 CENT/LB. (THE FEE IS IN ADDITION TO THE CURRENT DUTY OF 2.8 CENT/LB.);

-- A TRIGGER LEVEL SHOULD BE ESTABLISHED BASED ON THE U.S. SUPPORT PRICE. IF INTRODUCED TODAY, THE TRIGGER LEVEL WOULD BE U.S. RAW SUGAR PRICE OF 14 CENTS PER POUND. TRIGGER LEVEL WOULD ESCALATE GRADUALLY OVER TIME;

-- IF U.S. PRICE FOR SUGAR FELL BELOW TRIGGER LEVEL FOR MORE THAN 20 DAYS, QUOTAS SHOULD BE IMPOSED;

-- QUOTAS SHOULD BE ON A COUNTRY-BY-COUNTRY BASIS. (ONCE QUOTAS ARE TRIGGERED, UNDER CURRENT LAW IT WOULD TAKE PRESIDENTIAL ACTION TO REMOVE THEM);

-- IF THE PRESIDENT AT ANY TIME DETERMINES THAT THE WORLD PRICE FOR SUGAR HAS STABILIZED OVER 7.3 CENTS PER POUND, HE MAY TAKE ACTION TO LOWER THE FEE;

-- AN ANNUAL QUOTA OF 40,000 TONS SHOULD BE
IMPOSED ON REFINED SUGAR.

3. OF REMAINING TWO COMMISSIONERS, ONE RECOMMENDED
AN ANNUAL QUOTA OF 4.7 MILLION TONS ALLOCATED BY
AUCTION. THE OTHER RECOMMENDED IMPOSITION OF
COUNTRY-BY-COUNTRY QUOTAS SET AT 3.1 MILLION TONS
IN 1978 AND 4.275 MILLION TONS SUBSEQUENTLY.

4. COMMISSIONERS WILL ALSO RECOMMEND QUOTA LIMITATIONS
ON SUGAR-CONTAINING PRODUCTS INCLUDING CANDY, FLAVORED
SUGARS AND SYRUPS, SWEETENED CHOCOLATE, SWEET COCOA,
AND EDIBLE PREPARATIONS. ACCORDING ITC STAFF,
RECOMMENDED QUOTAS WILL BE SET AT NON-RESTRICTIVE
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LEVELS IN RELATION TO CURRENT TRADE. PURPOSE WOULD
BE TO PREVENT CIRCUMVENTION OF FEES AND QUOTAS.

5. COMMISSION RECOMMENDATION WAS REQUIRED BY LAW
WHEN PRESIDENT IMPOSED FEES ON NOVEMBER 11, 1977
UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT
OF 1933. THERE IS NO TIME LIMIT WITHIN WHICH PRESIDENT
MUST ACT ON ITC RECOMMENDATIONS, AND NO CONGRESSIONAL
OVERRIDE PROVISION UNDER THIS STATUTE.

6. IN ANY DISCUSSIONS WITH HOST GOVERNMENT OFFICIALS
ON ITC RECOMMENDATIONS, YOU SHOULD STRESS THAT THE
INTERNATIONAL SUGAR AGREEMENT REMAINS BASIS OF U.S.
SUGAR POLICY. ITC RECOMMENDATION WILL BE CONSIDERED
BY ADMINISTRATION IN CONTEXT OF ITS RELATION TO ISA.
ITC RECOMMENDATIONS WILL NOT AFFECT U.S. DETERMINATION TO
RATIFY ISA AND TO IMPLEMENT ITS PROVISIONS. CHRISTOPHER

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